

*Business day* means any such day on which both the Federal Financing Bank and Federal Reserve Bank—New York are open for business.

*Electric loan* means a loan made by FFB and guaranteed by RUS under section 306 of the RE Act for electric service.

*FFB* means the Federal Financing Bank, an instrumentality and wholly owned corporation of the United States.

*Government* means the United States of America, acting through the Administrator of the Rural Utilities Service.

*Loan guarantee* means RUS's guarantee under section 306 of the RE Act of a loan from FFB.

*Payment date* means the date that payment is due and is the last day in a calendar quarter.

*Prepayment penalty* means the same as prepayment premium.

*Prepayment premium* shall have the meaning set forth at § 1786.207.

*RE Act* means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

*REA* means the Rural Electrification Administration formerly an agency of the United States Department of Agriculture and predecessor agency to RUS with respect to administering certain electric and telephone loan programs.

*Refinancing note* shall have the meaning set forth at § 1786.206.

*RUS* means the Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178), successor to REA with respect to administering certain electric and telephone programs. See 7 CFR 1700.1.

*RUS loan contract* means the agreement, as amended, supplemented, or restated from time to time, between a borrower and RUS providing for loans or loan guarantees pursuant to the RE Act.

*RUS mortgage* means collectively those mortgages and security agreements made by and between the borrower and the Government, securing indebtedness evidencing electric and telephone loans or loan guarantees made pursuant to RE Act. The term in-

cludes such mortgages regardless whether third parties are mortgagees with RUS.

*Supplemental lender* means a private lender whose loan to the borrower is secured under an RUS mortgage.

*Telephone loan* means a loan made by FFB and guaranteed by RUS under section 306 of the RE Act for telephone service.

(b) *Rules of construction.* Unless the context shall otherwise indicate, the terms defined in paragraph (a) of this section include the plural as well as the singular, and the singular as well as the plural. The words "herein," "hereof" and "hereunder", and words of similar import, refer to this subpart as a whole.

[58 FR 51008, Sept. 30, 1993, as amended at 59 FR 66440, Dec. 27, 1994]

#### **§ 1786.202 Prepayment and refinancing of RUS guaranteed FFB loans.**

The borrower of an electric or telephone loan made by the FFB and guaranteed by RUS under section 306 of the RE Act may, at the option of the borrower, refinance or prepay a loan or an advance on the loan, or any portion of the loan or advance in accordance with section 306C of the RE Act, after meeting certain conditions using the procedures prescribed in the note. After refinancing existing notes under this section, additional prepayments or refinancings will be governed by the terms of the refinancing note(s).

#### **§ 1786.203 Special considerations.**

Generally all FFB borrowers with loans guaranteed by RUS whose FFB notes have not been accelerated are eligible to prepay or refinance under this part. All requests for prepayment or refinancing will be processed in accordance with this subpart except that some requests for refinancing and prepayments are more complicated and thus will involve special considerations. These requests will have to be handled on a case by case basis and include:

(a) Telephone borrowers who are required to meet certain terms of their indenture;

- (b) Borrowers who have amended their old form note or have already re-priced prior to September 30, 1993;
- (c) Borrowers that have been involved in a merger or consolidation;
- (d) Borrowers whose obligations to RUS, FFB notes, or security instruments differ from those normally used;
- (e) A request to prepay or refinance an amount of less than \$100,000 or an amount of less than the full amount of an advance outstanding; or
- (f) A request to prepay or refinance a note that includes unadvanced loan funds.

**§ 1786.204 Limitations.**

- (a) No more than three refinancing notes will be executed for any borrower per calendar year.
- (b) The borrower may not select a term for the refinanced advance that ends after the maturity date set for that advance.

**§ 1786.205 Application procedure.**

- (a) Any borrower seeking to prepay or refinance an advance from the FFB under this subpart should apply by letter to the appropriate RUS Regional Director or, in the case of power supply borrowers, to the Director of the Power Supply Division. The borrower will be required to submit applications and elections in a digital format to be supplied by RUS. The application letter shall provide the following:
  - (1) Borrower's RUS designation;
  - (2) Borrower's name and address;
  - (3) Listing of each note to be prepaid by loan designation, RUS note number, RUS account number, advance date, maturity date, original amount, outstanding balance, and date(s) of any substitute FFB note(s) amending the original FFB Note;
  - (4) A statement of the borrower's intention to finance the premium by an addition to principal balance or to pay the premium in cash or with unsecured debt;
  - (5) A statement of the maturity options that the borrower wishes to select;
  - (6) Such additional information as the Administrator may request.
- (b) Requests for refinancing or prepayment will ordinarily be processed in the order that they are received. Bor-

rower's may withdraw an application by notifying the appropriate RUS office in which they filed the application.

(c) When the request for prepayment or refinancing is approved for processing the borrower will be provided with appropriate instructions, documents and forms which may include but are not limited to the following:

- (1) An FFB refinancing note;
- (2) Resolution of Board of Directors;
- (3) Legal Opinion;
- (4) Certificate of Secretary;
- (5) Waiver of Notice;
- (6) Notice to borrower electing an effective date other than a scheduled quarterly payment date (if applicable);
- (7) Documentation of obligations secured pursuant to section 1786.208 if any; and
- (8) Security instrument.

(Approved by the Office of Management and Budget under control number 0572-0032)

**§ 1786.206 Refinancing note.**

- (a) RUS will issue a replacement guaranty for refinancing notes delivered to FFB to replace and substitute for existing FFB notes in connection with any refinancing by FFB pursuant to section 306C of the RE Act.
- (b) Generally, refinancing notes will, to the extent practicable, consolidate all of a borrower's existing FFB notes which have been guaranteed by RUS and containing terms and conditions as FFB may require and RUS and the borrower may accept.
- (c) Notwithstanding any contrary provision contained in this subpart, RUS will give preference to processing refinancings that utilize a generic form of refinancing note in the event that FFB prescribes one.

[58 FR 51008, Sep. 30, 1993; 58 FR 58729, Nov. 3, 1993]

**§ 1786.207 Prepayment premium.**

- (a) A premium shall be assessed against a borrower that refinances or prepays a loan or loan advance, or any portion of a loan or advance, under this section. RUS will collect the prepayment premium as calculated by FFB. FFB will calculate this premium as described in this section. Except as provided in paragraph (b) of this section,